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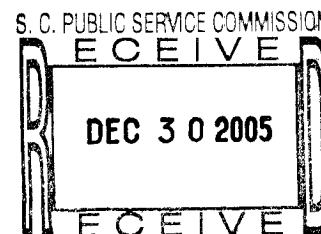
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December 28, 2005

Mr. Charles L. A. Terreni
Chief Clerk and Administrator
Public Service Commission of SC
100 Executive Center, Suite 100
Columbia, South Carolina 29210



Re: Sale of Propane from Faber Place Propane Air Plant, Located in North Charleston, South Carolina

Dear Mr. Terreni:

In Order No. 2005-653, the Public Service Commission of South Carolina (the "Commission") found that South Carolina Electric & Gas Company ("SCE&G") could retire its propane air facilities located at Faber Place, in North Charleston, and at Columbia. This decision was based in part on testimony indicating that these facilities were reaching the end of their useful lives and could not be relied on for future service. In light of these retirements, SCE&G revised its projections of gas costs for the months of December and January to reflect the injection of the propane inventories at Faber Place and Columbia into the system during those months.

The injection of propane from the Columbia facility is proceeding well. However, the Faber Place facility, which represents approximately one-third of the two plants' aggregate inventory of propane, is served by a single vaporizer. When put in sustained use in December, that vaporizer began to experience operational difficulties. Attempts to repair the vaporizer have not been successful beyond the short-term. SCE&G does not believe that it would be a prudent use of funds to continue to try to repair this vaporizer nor is SCE&G comfortable from an operational and safety standpoint in continuing to vaporize propane at Faber Place.

SCE&G has determined that it is in the best interest of customers and of the system to cease attempts to repair the Faber Place facility and to sell the remaining propane inventories at Faber Place into the market during the months of January and February. Propane prices are such that customers will receive substantially similar benefits from the sale as they would have from injection of these propane inventories into the system. However, to ensure that customers receive the full benefit of the value of the remaining propane inventories, SCE&G will credit to the cost of gas the greater of a) the net proceeds of the propane sales, or b) the reduction in gas cost that would have resulted if the propane been used to serve customers.

Mr. Charles L. A. Terreni

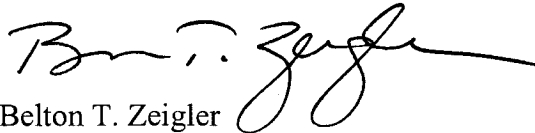
December 28, 2005

Page 2

SCE&G does not believe that any amendment of Order 2005-653 is required to allow it to proceed as discussed above. During the 2006 Purchased Gas Adjustment proceedings, the Commission and the Office of Regulatory Staff will conduct a full review of SCE&G's gas costs for the period. At that time, the impact on gas costs, if any, from the sale will be fully quantifiable. Accordingly, SCE&G is filing this letter as an informational matter only and does not seek any relief from the Commission at this time.

Thank you for your consideration of this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. T. Zeigler", with a long horizontal flourish extending to the right.

Belton T. Zeigler
Counsel for SCE&G

Cc: C. Dukes Scott, Executive Director
Office of Regulatory Staff